

Message Text

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ACTION NEA-10

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E.O. 11652: N/A
TAGS: ECON, EGEN, EIND
SUBJ: CABINET GIVES PRIORITY TO ABU TARTOUR DEVELOPMENT

1. DURING VISIT TO NEW VALLEY APRIL 1-3, PRESIDENT SADAT WAS BRIEFED ON ABU TARTOUR PHOSPHATES PROJECT AND, ACCORDING TO PRESS, GAVE HIS APPROVAL TO PROCEED WITH PROJECT ON APRIL 3. CABINET TOOK UP THE ABU TARTOUR PROJECT AT MEETING APRIL 5, AND, AGAIN ACCORDING TO PRESS ACCOUNTS, TOOK DECISION TO ACCORD ABU TARTOUR PRIORITY STATUS IN TERMS OF EGYPTIAN DEVELOPMENT PROJECTS. ALSO ACCORDING TO FURTHER REPORTS OF CABINET MEETING, GOE PLANS TO SEIZE IBRD CONSULTATIVE GROUP OF NEED TO DEVELOP PHOSPHATES IN SOUTHERN EGYPT AT NEXT MEETING, NOW SCHEDULED FOR PARIS IN JUNE.

2. ABU TARTOUR PROJECT, IN ADDITION TO MINING AND PROCESSING FACILITIES, INCLUDES RAILROAD TO SAFAGA AND NEW RED SEA PORT FACILITIES. ACCORDING TO RECENT REPORTS, TOTAL PROJECT WILL COST LE 455 MILLION (OR OVER \$1,000 MILLION AT OFFICIAL RATE OF LE 1.000 EQUALS \$2.56). APRIL 3 PRESS REPORTS THAT TOTAL PRODUCTION PER YEAR WILL BE 7 MILLION TONS OF ORE, OF WHICH 6 MILLION TONS WILL BE EXPORTED. FINANCING FOR PROJECT WILL COME, ACCORDING
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TO CABINET, FROM FOREIGN INVESTMENT THROUGH JOINT VENTURE PROJECTS.

3. COMMENT: AS DEPARTMENT AWARE, ABU TARTOUR HAS BEEN FAVORITE PROJECT OF EGYPTIAN ECONOMIC ADMINISTRATIONS SINCE 1974. SOVIETS DID ORIGINAL PLANNING AND FEASIBILITY WORK. ASIDE FROM DRAWBACKS INVOLVED IN FLUCTUATING

INTERNATIONAL PRICE OF PHOSPHATES AND UNUSUALLY HIGH INFRA-
STRUCTURE COSTS, IT IS KNOWN THAT FERROUS PROPERTIES OF
DEPOSITS WOULD MAKE ORE DIFFICULT TO PROCESS. PRESIDENT'S
VISIT GAVE PROJECT SUPPORTERS OPPORTUNITY TO PRESENT
THEIR REPORT AND HE APPARENTLY GAVE "GO AHEAD".
INTERESTINGLY, U. S. AID HAS BEEN ASKED RECENTLY TO FINANCE-
SOME EQUIPMENT FOR ABU TARTOUR FOR EXPERIMENTAL MINE.
MININDUSTRY WHO MADE REQUEST PUT PROJECT HIGH ON LIST OF
PRIORITIES. GOE MAY HOPE THAT WITH RESULTS OF EXPERI-
MENTAL MINE IT HAS CHANCE TO ATTRACT PRIVATE FOREIGN
INVESTMENT TO THIS PROJECT. EILTS

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